
SECOND SUBSTITUTE SENATE BILL 5805

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Hatfield, Zarelli, Rasmussen, Swecker, Shin and Hargrove)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to the sales and use taxation of grain elevators;
2 amending RCW 82.08.820, 82.08.820, 82.08.820, 82.12.820, 82.12.820, and
3 82.12.820; providing effective dates; providing expiration dates; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.08.820 and 2006 c 354 s 10 are each amended to read
7 as follows:

8 (1) Wholesalers or third-party warehouseurs who own or operate
9 warehouses ((~~or~~)), grain elevators, or grain exporting facilities, and
10 retailers who own or operate distribution centers, and who have paid
11 the tax levied by RCW 82.08.020 on:

12 (a) Material-handling and racking equipment, grain exporting
13 facility equipment, and labor and services rendered in respect to
14 installing, repairing, cleaning, altering, or improving the equipment;
15 or

16 (b) Construction of a warehouse ((~~or~~)), grain elevator, or grain
17 exporting facility, including materials, and including service and
18 labor costs,

1 are eligible for an exemption in the form of a remittance. The amount
2 of the remittance is computed under subsection (3) of this section and
3 is based on the state share of sales tax.

4 (2) For purposes of this section and RCW 82.12.820:

5 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

6 (b) "Construction" means the actual construction of a warehouse
7 ~~((or)),~~ grain elevator, or grain exporting facility that did not exist
8 before the construction began. "Construction" includes expansion if
9 the expansion adds at least two hundred thousand square feet of
10 additional space to an existing warehouse or additional storage
11 capacity of at least one million bushels to an existing grain elevator
12 or grain exporting facility. "Construction" does not include
13 renovation, remodeling, or repair;

14 (c) "Department" means the department of revenue;

15 (d) "Distribution center" means a warehouse that is used
16 exclusively by a retailer solely for the storage and distribution of
17 finished goods to retail outlets of the retailer. "Distribution
18 center" does not include a warehouse at which retail sales occur;

19 (e) "Finished goods" means tangible personal property intended for
20 sale by a retailer or wholesaler. "Finished goods" does not include
21 agricultural products stored by wholesalers, third-party warehouses, or
22 retailers if the storage takes place on the land of the person who
23 produced the agricultural product. "Finished goods" does not include
24 logs, minerals, petroleum, gas, or other extracted products stored as
25 raw materials or in bulk;

26 (f) "Grain elevator" means a structure used for storage and
27 handling of grain in bulk. Grain elevator does not include a grain
28 exporting facility;

29 (g) "Grain exporting facility" means one or more contiguous parcels
30 of real property with one or more grain exporting facility structures
31 constructed after January 1, 2007, with a total bushel capacity in
32 excess of three million;

33 (h) "Grain exporting facility equipment" means equipment located at
34 a grain exporting facility that is primarily used to handle, store,
35 organize, convey, package, or repackage grain, oil seeds, and
36 byproducts thereof in bulk to, from, or within grain exporting facility
37 structures. The term includes tangible personal property with a useful
38 life of one year or more that becomes an ingredient or component of the

1 equipment, including repair and replacement parts. The term does not
2 include equipment in offices, lunchrooms, restrooms, and other like
3 space, within a grain exporting facility, or equipment used for
4 purposes other than handling, storing, organizing, conveying,
5 packaging, or repackaging grain, oil seeds, and byproducts thereof.
6 "Grain exporting facility equipment" includes but is not limited to:
7 Conveyers, carousels, lifts, positioners, pick-up-and-place units,
8 cranes, hoists, mechanical arms, and robots; mechanized systems,
9 including containers that are an integral part of the system, whose
10 purpose is to lift or move tangible personal property; and automated
11 handling, storage, and retrieval systems, including computers that
12 control them, whose purpose is to lift or move tangible personal
13 property; forklifts and other off-the-road vehicles that are used to
14 lift or move tangible personal property and that cannot be operated
15 legally on roads and streets; and conveying systems, chutes, shelves,
16 racks, bins, drawers, pallets, and other containers and storage devices
17 that form a necessary part of the storage system;

18 (i) "Grain exporting facility structure" means storage silos,
19 tanks, conveyers, scale towers, bins, electrical improvements, scales,
20 foundations and supports, off-load pits, rails and railbeds, and other
21 buildings primarily used to handle, store, organize, or convey grain,
22 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
23 restrooms, maintenance buildings, and other space necessary for the
24 operation of the grain exporting facility are considered part of the
25 grain exporting facility structures as are loading docks and other such
26 space or structures attached or adjacent to the conveyers and used for
27 handling of grain, oil seeds, and byproducts thereof. A structure may
28 have more than one storage area. Landscaping and parking lots are not
29 considered part of the grain exporting facility structure. A storage
30 yard is not a grain exporting facility structure, nor is a structure in
31 which manufacturing takes place;

32 (j) "Material-handling equipment and racking equipment" means
33 equipment in a warehouse or grain elevator that is primarily used to
34 handle, store, organize, convey, package, or repackage finished goods.
35 The term includes tangible personal property with a useful life of one
36 year or more that becomes an ingredient or component of the equipment,
37 including repair and replacement parts. The term does not include
38 equipment in offices, lunchrooms, restrooms, and other like space,

1 within a warehouse or grain elevator, or equipment used for
2 nonwarehousing purposes. "Material-handling equipment" includes but is
3 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
4 place units, cranes, hoists, mechanical arms, and robots; mechanized
5 systems, including containers that are an integral part of the system,
6 whose purpose is to lift or move tangible personal property; and
7 automated handling, storage, and retrieval systems, including computers
8 that control them, whose purpose is to lift or move tangible personal
9 property; and forklifts and other off-the-road vehicles that are used
10 to lift or move tangible personal property and that cannot be operated
11 legally on roads and streets. "Racking equipment" includes, but is not
12 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
13 pallets, and other containers and storage devices that form a necessary
14 part of the storage system;

15 ~~((h))~~ (k) "Person" has the meaning given in RCW 82.04.030;

16 ~~((i))~~ (l) "Retailer" means a person who makes "sales at retail"
17 as defined in chapter 82.04 RCW of tangible personal property;

18 ~~((j))~~ (m) "Square footage" means the product of the two
19 horizontal dimensions of each floor of a specific warehouse. The
20 entire footprint of the warehouse shall be measured in calculating the
21 square footage, including space that juts out from the building profile
22 such as loading docks. "Square footage" does not mean the aggregate of
23 the square footage of more than one warehouse at a location or the
24 aggregate of the square footage of warehouses at more than one
25 location;

26 ~~((k))~~ (n) "Third-party warehouse" means a person taxable under
27 RCW 82.04.280(4);

28 ~~((l))~~ (o) "Warehouse" means an enclosed building or structure in
29 which finished goods are stored. A warehouse building or structure may
30 have more than one storage room and more than one floor. Office space,
31 lunchrooms, restrooms, and other space within the warehouse and
32 necessary for the operation of the warehouse are considered part of the
33 warehouse as are loading docks and other such space attached to the
34 building and used for handling of finished goods. Landscaping and
35 parking lots are not considered part of the warehouse. A storage yard
36 is not a warehouse, nor is a building in which manufacturing takes
37 place; and

1 (~~(m)~~) (p) "Wholesaler" means a person who makes "sales at
2 wholesale" as defined in chapter 82.04 RCW of tangible personal
3 property, but "wholesaler" does not include a person who makes sales
4 exempt under RCW 82.04.330.

5 (3)(a) A person claiming an exemption from state tax in the form of
6 a remittance under this section must pay the tax imposed by RCW
7 82.08.020. The buyer may then apply to the department for remittance
8 of all or part of the tax paid under RCW 82.08.020. For grain
9 elevators with bushel capacity of one million but less than two
10 million, the remittance is equal to fifty percent of the amount of tax
11 paid. For warehouses with square footage of two hundred thousand or
12 more and for grain elevators with bushel capacity of two million or
13 more, the remittance is equal to one hundred percent of the amount of
14 tax paid for qualifying construction, materials, service, and labor,
15 and fifty percent of the amount of tax paid for qualifying material-
16 handling equipment and racking equipment, and labor and services
17 rendered in respect to installing, repairing, cleaning, altering, or
18 improving the equipment. For grain exporting facilities, the
19 remittance is equal to one hundred percent of the amount of tax paid
20 for qualifying construction, materials, service, and labor, and fifty
21 percent of the amount of tax paid for qualifying grain exporting
22 facility equipment, and labor and services rendered in respect to
23 installing, repairing, cleaning, altering, or improving the equipment.

24 (b) The department shall determine eligibility under this section
25 based on information provided by the buyer and through audit and other
26 administrative records. The buyer shall on a quarterly basis submit an
27 information sheet, in a form and manner as required by the department
28 by rule, specifying the amount of exempted tax claimed and the
29 qualifying purchases or acquisitions for which the exemption is
30 claimed. The buyer shall retain, in adequate detail to enable the
31 department to determine whether the equipment or construction meets the
32 criteria under this section: Invoices; proof of tax paid; documents
33 describing the material-handling equipment and racking equipment and
34 grain exporting facility equipment; location and size of warehouses
35 (~~and~~), grain elevators, and grain exporting facilities; and
36 construction invoices and documents.

37 (c) The department shall on a quarterly basis remit exempted

1 amounts to qualifying persons who submitted applications during the
2 previous quarter.

3 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
4 facilities, material-handling equipment and racking equipment, and
5 grain exporting facility equipment for which an exemption, credit, or
6 deferral has been or is being received under chapter 82.60, 82.62, or
7 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
8 remittance under this section. ~~((Warehouses and grain elevators upon~~
9 ~~which construction was initiated before May 20, 1997, are not eligible~~
10 ~~for a remittance under this section.))~~

11 (5) The lessor or owner of a warehouse ~~((or))~~ grain elevator, or
12 grain exporting facility is not eligible for a remittance under this
13 section unless the underlying ownership of the warehouse ~~((or))~~ grain
14 elevator, or grain exporting facility, and the material-handling
15 equipment and racking equipment and grain exporting facility equipment
16 vests exclusively in the same person, or unless the lessor by written
17 contract agrees to pass the economic benefit of the remittance to the
18 lessee in the form of reduced rent payments.

19 **Sec. 2.** RCW 82.08.820 and 2006 c 354 s 11 are each amended to read
20 as follows:

21 (1) Wholesalers or third-party warehouse owners who own or operate
22 warehouses ~~((or))~~ grain elevators, or grain exporting facilities and
23 retailers who own or operate distribution centers, and who have paid
24 the tax levied by RCW 82.08.020 on:

25 (a) Material-handling and racking equipment, grain exporting
26 facility equipment, and labor and services rendered in respect to
27 installing, repairing, cleaning, altering, or improving the equipment;
28 or

29 (b) Construction of a warehouse ~~((or))~~ grain elevator, or grain
30 exporting facility, including materials, and including service and
31 labor costs,
32 are eligible for an exemption in the form of a remittance. The amount
33 of the remittance is computed under subsection (3) of this section and
34 is based on the state share of sales tax.

35 (2) For purposes of this section and RCW 82.12.820:

36 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

1 (b) "Cold storage warehouse" has the meaning provided in RCW
2 82.74.010;

3 (c) "Construction" means the actual construction of a warehouse
4 (~~(or)~~), grain elevator, or grain exporting facility that did not exist
5 before the construction began. "Construction" includes expansion if
6 the expansion adds at least twenty-five thousand square feet of
7 additional space to an existing cold storage warehouse, at least two
8 hundred thousand square feet of additional space to an existing
9 warehouse other than a cold storage warehouse, or additional storage
10 capacity of at least one million bushels to an existing grain elevator
11 or grain exporting facility. "Construction" does not include
12 renovation, remodeling, or repair;

13 (d) "Department" means the department of revenue;

14 (e) "Distribution center" means a warehouse that is used
15 exclusively by a retailer solely for the storage and distribution of
16 finished goods to retail outlets of the retailer. "Distribution
17 center" does not include a warehouse at which retail sales occur;

18 (f) "Finished goods" means tangible personal property intended for
19 sale by a retailer or wholesaler. "Finished goods" does not include
20 agricultural products stored by wholesalers, third-party warehouses, or
21 retailers if the storage takes place on the land of the person who
22 produced the agricultural product. "Finished goods" does not include
23 logs, minerals, petroleum, gas, or other extracted products stored as
24 raw materials or in bulk;

25 (g) "Grain elevator" means a structure used for storage and
26 handling of grain in bulk. Grain elevator does not include a grain
27 exporting facility;

28 (h) "Grain exporting facility" means one or more contiguous parcels
29 of real property with one or more grain exporting facility structures
30 constructed after January 1, 2007, with a total bushel capacity in
31 excess of three million;

32 (i) "Grain exporting facility equipment" means equipment located at
33 a grain exporting facility that is primarily used to handle, store,
34 organize, convey, package, or repackage grain, oil seeds, and
35 byproducts thereof in bulk to, from, or within grain exporting facility
36 structures. The term includes tangible personal property with a useful
37 life of one year or more that becomes an ingredient or component of the
38 equipment, including repair and replacement parts. The term does not

1 include equipment in offices, lunchrooms, restrooms, and other like
2 space, within a grain exporting facility, or equipment used for
3 purposes other than handling, storing, organizing, conveying,
4 packaging, or repackaging grain, oil seeds, and byproducts thereof.
5 "Grain exporting facility equipment" includes but is not limited to:
6 Conveyers, carousels, lifts, positioners, pick-up-and-place units,
7 cranes, hoists, mechanical arms, and robots; mechanized systems,
8 including containers that are an integral part of the system, whose
9 purpose is to lift or move tangible personal property; and automated
10 handling, storage, and retrieval systems, including computers that
11 control them, whose purpose is to lift or move tangible personal
12 property; forklifts and other off-the-road vehicles that are used to
13 lift or move tangible personal property and that cannot be operated
14 legally on roads and streets; and conveying systems, chutes, shelves,
15 racks, bins, drawers, pallets, and other containers and storage devices
16 that form a necessary part of the storage system;

17 (j) "Grain exporting facility structure" means storage silos,
18 tanks, conveyers, scale towers, bins, electrical improvements, scales,
19 foundations and supports, off-load pits, rails and railbeds, and other
20 buildings primarily used to handle, store, organize, or convey grain,
21 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
22 restrooms, maintenance buildings, and other space necessary for the
23 operation of the grain exporting facility are considered part of the
24 grain exporting facility structures as are loading docks and other such
25 space or structures attached or adjacent to the conveyers and used for
26 handling of grain, oil seeds, and byproducts thereof. A structure may
27 have more than one storage area. Landscaping and parking lots are not
28 considered part of the grain exporting facility structure. A storage
29 yard is not a grain exporting facility structure, nor is a structure in
30 which manufacturing takes place;

31 (k) "Material-handling equipment and racking equipment" means
32 equipment in a warehouse or grain elevator that is primarily used to
33 handle, store, organize, convey, package, or repackage finished goods.
34 The term includes tangible personal property with a useful life of one
35 year or more that becomes an ingredient or component of the equipment,
36 including repair and replacement parts. The term does not include
37 equipment in offices, lunchrooms, restrooms, and other like space,
38 within a warehouse or grain elevator, or equipment used for

1 nonwarehousing purposes. "Material-handling equipment" includes but is
2 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
3 place units, cranes, hoists, mechanical arms, and robots; mechanized
4 systems, including containers that are an integral part of the system,
5 whose purpose is to lift or move tangible personal property; and
6 automated handling, storage, and retrieval systems, including computers
7 that control them, whose purpose is to lift or move tangible personal
8 property; and forklifts and other off-the-road vehicles that are used
9 to lift or move tangible personal property and that cannot be operated
10 legally on roads and streets. "Racking equipment" includes, but is not
11 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
12 pallets, and other containers and storage devices that form a necessary
13 part of the storage system;

14 ~~((i))~~ (l) "Person" has the meaning given in RCW 82.04.030;

15 ~~((j))~~ (m) "Retailer" means a person who makes "sales at retail"
16 as defined in chapter 82.04 RCW of tangible personal property;

17 ~~((k))~~ (n) "Square footage" means the product of the two
18 horizontal dimensions of each floor of a specific warehouse. The
19 entire footprint of the warehouse shall be measured in calculating the
20 square footage, including space that juts out from the building profile
21 such as loading docks. "Square footage" does not mean the aggregate of
22 the square footage of more than one warehouse at a location or the
23 aggregate of the square footage of warehouses at more than one
24 location;

25 ~~((l))~~ (o) "Third-party warehouse" means a person taxable under
26 RCW 82.04.280(4);

27 ~~((m))~~ (p) "Warehouse" means an enclosed building or structure in
28 which finished goods are stored. A warehouse building or structure may
29 have more than one storage room and more than one floor. Office space,
30 lunchrooms, restrooms, and other space within the warehouse and
31 necessary for the operation of the warehouse are considered part of the
32 warehouse as are loading docks and other such space attached to the
33 building and used for handling of finished goods. Landscaping and
34 parking lots are not considered part of the warehouse. A storage yard
35 is not a warehouse, nor is a building in which manufacturing takes
36 place; and

37 ~~((n))~~ (q) "Wholesaler" means a person who makes "sales at

1 wholesale" as defined in chapter 82.04 RCW of tangible personal
2 property, but "wholesaler" does not include a person who makes sales
3 exempt under RCW 82.04.330.

4 (3)(a) A person claiming an exemption from state tax in the form of
5 a remittance under this section must pay the tax imposed by RCW
6 82.08.020. The buyer may then apply to the department for remittance
7 of all or part of the tax paid under RCW 82.08.020. For grain
8 elevators with bushel capacity of one million but less than two
9 million, the remittance is equal to fifty percent of the amount of tax
10 paid. For warehouses with square footage of two hundred thousand or
11 more, other than cold storage warehouses, and for grain elevators with
12 bushel capacity of two million or more, the remittance is equal to one
13 hundred percent of the amount of tax paid for qualifying construction,
14 materials, service, and labor, and fifty percent of the amount of tax
15 paid for qualifying material-handling equipment and racking equipment,
16 and labor and services rendered in respect to installing, repairing,
17 cleaning, altering, or improving the equipment. For cold storage
18 warehouses with square footage of twenty-five thousand or more, the
19 remittance is equal to one hundred percent of the amount of tax paid
20 for qualifying construction, materials, service, and labor, and one
21 hundred percent of the amount of tax paid for qualifying material-
22 handling equipment and racking equipment, and labor and services
23 rendered in respect to installing, repairing, cleaning, altering, or
24 improving the equipment. For grain exporting facilities, the
25 remittance is equal to one hundred percent of the amount of tax paid
26 for qualifying construction, materials, service, and labor, and fifty
27 percent of the amount of tax paid for qualifying grain exporting
28 facility equipment, and labor and services rendered in respect to
29 installing, repairing, cleaning, altering, or improving the equipment.

30 (b) The department shall determine eligibility under this section
31 based on information provided by the buyer and through audit and other
32 administrative records. The buyer shall on a quarterly basis submit an
33 information sheet, in a form and manner as required by the department
34 by rule, specifying the amount of exempted tax claimed and the
35 qualifying purchases or acquisitions for which the exemption is
36 claimed. The buyer shall retain, in adequate detail to enable the
37 department to determine whether the equipment or construction meets the
38 criteria under this section: Invoices; proof of tax paid; documents

1 describing the material-handling equipment and racking equipment and
2 grain exporting facility equipment; location and size of warehouses
3 ~~((and)),~~ grain elevators, and grain exporting facilities; and
4 construction invoices and documents.

5 (c) The department shall on a quarterly basis remit exempted
6 amounts to qualifying persons who submitted applications during the
7 previous quarter.

8 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
9 facilities, material-handling equipment and racking equipment, and
10 grain exporting facility equipment for which an exemption, credit, or
11 deferral has been or is being received under chapter 82.60, 82.62, or
12 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
13 remittance under this section. ~~((Warehouses and grain elevators upon~~
14 ~~which construction was initiated before May 20, 1997, are not eligible~~
15 ~~for a remittance under this section.))~~

16 (5) The lessor or owner of a warehouse ~~((or))~~ grain elevator, or
17 grain exporting facility is not eligible for a remittance under this
18 section unless the underlying ownership of the warehouse ~~((or))~~ grain
19 elevator, or grain exporting facility, and the material-handling
20 equipment and racking equipment and grain exporting facility equipment
21 vests exclusively in the same person, or unless the lessor by written
22 contract agrees to pass the economic benefit of the remittance to the
23 lessee in the form of reduced rent payments.

24 **Sec. 3.** RCW 82.08.820 and 2006 c 354 s 12 are each amended to read
25 as follows:

26 (1) Wholesalers or third-party warehouse owners who own or operate
27 warehouses ~~((or))~~ grain elevators, or grain exporting facilities and
28 retailers who own or operate distribution centers, and who have paid
29 the tax levied by RCW 82.08.020 on:

30 (a) Material-handling and racking equipment, grain exporting
31 facility equipment, and labor and services rendered in respect to
32 installing, repairing, cleaning, altering, or improving the equipment;
33 or

34 (b) Construction of a warehouse ~~((or))~~ grain elevator, or grain
35 exporting facility, including materials, and including service and
36 labor costs,

1 are eligible for an exemption in the form of a remittance. The amount
2 of the remittance is computed under subsection (3) of this section and
3 is based on the state share of sales tax.

4 (2) For purposes of this section and RCW 82.12.820:

5 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

6 (b) "Construction" means the actual construction of a warehouse
7 ~~((or)),~~ grain elevator, or grain exporting facility that did not exist
8 before the construction began. "Construction" includes expansion if
9 the expansion adds at least two hundred thousand square feet of
10 additional space to an existing warehouse or additional storage
11 capacity of at least one million bushels to an existing grain elevator
12 or grain exporting facility. "Construction" does not include
13 renovation, remodeling, or repair;

14 (c) "Department" means the department of revenue;

15 (d) "Distribution center" means a warehouse that is used
16 exclusively by a retailer solely for the storage and distribution of
17 finished goods to retail outlets of the retailer. "Distribution
18 center" does not include a warehouse at which retail sales occur;

19 (e) "Finished goods" means tangible personal property intended for
20 sale by a retailer or wholesaler. "Finished goods" does not include
21 agricultural products stored by wholesalers, third-party warehouses, or
22 retailers if the storage takes place on the land of the person who
23 produced the agricultural product. "Finished goods" does not include
24 logs, minerals, petroleum, gas, or other extracted products stored as
25 raw materials or in bulk;

26 (f) "Grain elevator" means a structure used for storage and
27 handling of grain in bulk. Grain elevator does not include a grain
28 exporting facility;

29 (g) "Grain exporting facility" means one or more contiguous parcels
30 of real property with one or more grain exporting facility structures
31 constructed after January 1, 2007, with a total bushel capacity in
32 excess of three million;

33 (h) "Grain exporting facility equipment" means equipment located at
34 a grain exporting facility that is primarily used to handle, store,
35 organize, convey, package, or repackage grain, oil seeds, and
36 byproducts thereof in bulk to, from, or within grain exporting facility
37 structures. The term includes tangible personal property with a useful
38 life of one year or more that becomes an ingredient or component of the

1 equipment, including repair and replacement parts. The term does not
2 include equipment in offices, lunchrooms, restrooms, and other like
3 space, within a grain exporting facility, or equipment used for
4 purposes other than handling, storing, organizing, conveying,
5 packaging, or repackaging grain, oil seeds, and byproducts thereof.
6 "Grain exporting facility equipment" includes but is not limited to:
7 Conveyers, carousels, lifts, positioners, pick-up-and-place units,
8 cranes, hoists, mechanical arms, and robots; mechanized systems,
9 including containers that are an integral part of the system, whose
10 purpose is to lift or move tangible personal property; and automated
11 handling, storage, and retrieval systems, including computers that
12 control them, whose purpose is to lift or move tangible personal
13 property; forklifts and other off-the-road vehicles that are used to
14 lift or move tangible personal property and that cannot be operated
15 legally on roads and streets; and conveying systems, chutes, shelves,
16 racks, bins, drawers, pallets, and other containers and storage devices
17 that form a necessary part of the storage system;

18 (i) "Grain exporting facility structure" means storage silos,
19 tanks, conveyers, scale towers, bins, electrical improvements, scales,
20 foundations and supports, off-load pits, rails and railbeds, and other
21 buildings primarily used to handle, store, organize, or convey grain,
22 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
23 restrooms, maintenance buildings, and other space necessary for the
24 operation of the grain exporting facility are considered part of the
25 grain exporting facility structures as are loading docks and other such
26 space or structures attached or adjacent to the conveyers and used for
27 handling of grain, oil seeds, and byproducts thereof. A structure may
28 have more than one storage area. Landscaping and parking lots are not
29 considered part of the grain exporting facility structure. A storage
30 yard is not a grain exporting facility structure, nor is a structure in
31 which manufacturing takes place;

32 (j) "Material-handling equipment and racking equipment" means
33 equipment in a warehouse or grain elevator that is primarily used to
34 handle, store, organize, convey, package, or repackage finished goods.
35 The term includes tangible personal property with a useful life of one
36 year or more that becomes an ingredient or component of the equipment,
37 including repair and replacement parts. The term does not include
38 equipment in offices, lunchrooms, restrooms, and other like space,

1 within a warehouse or grain elevator, or equipment used for
2 nonwarehousing purposes. "Material-handling equipment" includes but is
3 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
4 place units, cranes, hoists, mechanical arms, and robots; mechanized
5 systems, including containers that are an integral part of the system,
6 whose purpose is to lift or move tangible personal property; and
7 automated handling, storage, and retrieval systems, including computers
8 that control them, whose purpose is to lift or move tangible personal
9 property; and forklifts and other off-the-road vehicles that are used
10 to lift or move tangible personal property and that cannot be operated
11 legally on roads and streets. "Racking equipment" includes, but is not
12 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
13 pallets, and other containers and storage devices that form a necessary
14 part of the storage system;

15 ~~((h))~~ (k) "Person" has the meaning given in RCW 82.04.030;

16 ~~((i))~~ (l) "Retailer" means a person who makes "sales at retail"
17 as defined in chapter 82.04 RCW of tangible personal property;

18 ~~((j))~~ (m) "Square footage" means the product of the two
19 horizontal dimensions of each floor of a specific warehouse. The
20 entire footprint of the warehouse shall be measured in calculating the
21 square footage, including space that juts out from the building profile
22 such as loading docks. "Square footage" does not mean the aggregate of
23 the square footage of more than one warehouse at a location or the
24 aggregate of the square footage of warehouses at more than one
25 location;

26 ~~((k))~~ (n) "Third-party warehouse" means a person taxable under
27 RCW 82.04.280(4);

28 ~~((l))~~ (o) "Warehouse" means an enclosed building or structure in
29 which finished goods are stored. A warehouse building or structure may
30 have more than one storage room and more than one floor. Office space,
31 lunchrooms, restrooms, and other space within the warehouse and
32 necessary for the operation of the warehouse are considered part of the
33 warehouse as are loading docks and other such space attached to the
34 building and used for handling of finished goods. Landscaping and
35 parking lots are not considered part of the warehouse. A storage yard
36 is not a warehouse, nor is a building in which manufacturing takes
37 place; and

1 (~~(m)~~) (p) "Wholesaler" means a person who makes "sales at
2 wholesale" as defined in chapter 82.04 RCW of tangible personal
3 property, but "wholesaler" does not include a person who makes sales
4 exempt under RCW 82.04.330.

5 (3)(a) A person claiming an exemption from state tax in the form of
6 a remittance under this section must pay the tax imposed by RCW
7 82.08.020. The buyer may then apply to the department for remittance
8 of all or part of the tax paid under RCW 82.08.020. For grain
9 elevators with bushel capacity of one million but less than two
10 million, the remittance is equal to fifty percent of the amount of tax
11 paid. For warehouses with square footage of two hundred thousand or
12 more and for grain elevators with bushel capacity of two million or
13 more, the remittance is equal to one hundred percent of the amount of
14 tax paid for qualifying construction, materials, service, and labor,
15 and fifty percent of the amount of tax paid for qualifying material-
16 handling equipment and racking equipment, and labor and services
17 rendered in respect to installing, repairing, cleaning, altering, or
18 improving the equipment. For grain exporting facilities, the
19 remittance is equal to one hundred percent of the amount of tax paid
20 for qualifying construction, materials, service, and labor, and fifty
21 percent of the amount of tax paid for qualifying grain exporting
22 facility equipment, and labor and services rendered in respect to
23 installing, repairing, cleaning, altering, or improving the equipment.

24 (b) The department shall determine eligibility under this section
25 based on information provided by the buyer and through audit and other
26 administrative records. The buyer shall on a quarterly basis submit an
27 information sheet, in a form and manner as required by the department
28 by rule, specifying the amount of exempted tax claimed and the
29 qualifying purchases or acquisitions for which the exemption is
30 claimed. The buyer shall retain, in adequate detail to enable the
31 department to determine whether the equipment or construction meets the
32 criteria under this section: Invoices; proof of tax paid; documents
33 describing the material-handling equipment and racking equipment and
34 grain exporting facility equipment; location and size of warehouses
35 (~~and~~), grain elevators, and grain exporting facilities; and
36 construction invoices and documents.

37 (c) The department shall on a quarterly basis remit exempted

1 amounts to qualifying persons who submitted applications during the
2 previous quarter.

3 (4) Warehouses, grain elevators, ~~((and))~~ grain exporting
4 facilities, material-handling equipment and racking equipment, and
5 grain exporting facility equipment for which an exemption, credit, or
6 deferral has been or is being received under chapter 82.60, 82.62, or
7 82.63 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
8 remittance under this section. ~~((Warehouses and grain elevators upon~~
9 ~~which construction was initiated before May 20, 1997, are not eligible~~
10 ~~for a remittance under this section.))~~

11 (5) The lessor or owner of a warehouse ~~((or))~~ grain elevator, or
12 grain exporting facility is not eligible for a remittance under this
13 section unless the underlying ownership of the warehouse ~~((or))~~ grain
14 elevator, or grain exporting facility and the material-handling
15 equipment and racking equipment and grain exporting facility equipment
16 vests exclusively in the same person, or unless the lessor by written
17 contract agrees to pass the economic benefit of the remittance to the
18 lessee in the form of reduced rent payments.

19 **Sec. 4.** RCW 82.12.820 and 2003 c 5 s 13 are each amended to read
20 as follows:

21 (1) Wholesalers or third-party warehouse owners who own or operate
22 warehouses ~~((or))~~ grain elevators, or grain exporting facilities and
23 retailers who own or operate distribution centers, and who have paid
24 the tax levied under RCW 82.12.020 on:

25 (a) Material-handling equipment and racking equipment, grain
26 exporting facility equipment, and labor and services rendered in
27 respect to installing, repairing, cleaning, altering, or improving the
28 equipment; or

29 (b) Materials incorporated in the construction of a warehouse
30 ~~((or))~~ grain elevator, or grain exporting facility are eligible for an
31 exemption on tax paid in the form of a remittance or credit against tax
32 owed. The amount of the remittance or credit is computed under
33 subsection (2) of this section and is based on the state share of use
34 tax.

35 (2)(a) A person claiming an exemption from state tax in the form of
36 a remittance under this section must pay the tax imposed by RCW
37 82.12.020 to the department. The person may then apply to the

1 department for remittance of all or part of the tax paid under RCW
2 82.12.020. For grain elevators with bushel capacity of one million but
3 less than two million, the remittance is equal to fifty percent of the
4 amount of tax paid. For warehouses with square footage of two hundred
5 thousand and for grain elevators with bushel capacity of two million or
6 more, the remittance is equal to one hundred percent of the amount of
7 tax paid for qualifying construction materials, and fifty percent of
8 the amount of tax paid for qualifying material-handling equipment and
9 racking equipment, and labor and services rendered in respect to
10 installing, repairing, cleaning, altering, or improving the equipment.
11 For grain exporting facilities, the remittance is equal to one hundred
12 percent of the amount of tax paid for qualifying construction
13 materials, and fifty percent of the amount of tax paid for qualifying
14 grain exporting facility equipment, and labor and services rendered in
15 respect to installing, repairing, cleaning, altering, or improving the
16 equipment.

17 (b) The department shall determine eligibility under this section
18 based on information provided by the buyer and through audit and other
19 administrative records. The buyer shall on a quarterly basis submit an
20 information sheet, in a form and manner as required by the department
21 by rule, specifying the amount of exempted tax claimed and the
22 qualifying purchases or acquisitions for which the exemption is
23 claimed. The buyer shall retain, in adequate detail to enable the
24 department to determine whether the equipment or construction meets the
25 criteria under this section: Invoices; proof of tax paid; documents
26 describing the material-handling equipment and racking equipment and
27 grain exporting facility equipment; location and size of warehouses, if
28 applicable; and construction invoices and documents.

29 (c) The department shall on a quarterly basis remit or credit
30 exempted amounts to qualifying persons who submitted applications
31 during the previous quarter.

32 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
33 material-handling equipment and racking equipment, and grain exporting
34 facility equipment for which an exemption, credit, or deferral has been
35 or is being received under chapter 82.60, ~~((82.61,))~~ 82.62, or 82.63
36 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
37 remittance under this section. ~~((Materials incorporated in warehouses~~

1 ~~and grain elevators upon which construction was initiated prior to May~~
2 ~~20, 1997, are not eligible for a remittance under this section.))~~

3 (4) The lessor or owner of the warehouse ((~~or~~)), grain elevator, or
4 grain exporting facility is not eligible for a remittance or credit
5 under this section unless the underlying ownership of the warehouse
6 ((~~or~~)), grain elevator, or grain exporting facility and material-
7 handling equipment and racking equipment and grain exporting facility
8 equipment vests exclusively in the same person, or unless the lessor by
9 written contract agrees to pass the economic benefit of the exemption
10 to the lessee in the form of reduced rent payments.

11 (5) The definitions in RCW 82.08.820 apply to this section.

12 **Sec. 5.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read
13 as follows:

14 (1) Wholesalers or third-party warehouse owners who own or operate
15 warehouses ((~~or~~)), grain elevators, or grain exporting facilities, and
16 retailers who own or operate distribution centers, and who have paid
17 the tax levied under RCW 82.12.020 on:

18 (a) Material-handling equipment and racking equipment, grain
19 exporting facility equipment, and labor and services rendered in
20 respect to installing, repairing, cleaning, altering, or improving the
21 equipment; or

22 (b) Materials incorporated in the construction of a warehouse
23 ((~~or~~)), grain elevator, or grain exporting facility are eligible for an
24 exemption on tax paid in the form of a remittance or credit against tax
25 owed. The amount of the remittance or credit is computed under
26 subsection (2) of this section and is based on the state share of use
27 tax.

28 (2)(a) A person claiming an exemption from state tax in the form of
29 a remittance under this section must pay the tax imposed by RCW
30 82.12.020 to the department. The person may then apply to the
31 department for remittance of all or part of the tax paid under RCW
32 82.12.020. For grain elevators with bushel capacity of one million but
33 less than two million, the remittance is equal to fifty percent of the
34 amount of tax paid. For warehouses with square footage of two hundred
35 thousand or more, other than cold storage warehouses, and for grain
36 elevators with bushel capacity of two million or more, the remittance
37 is equal to one hundred percent of the amount of tax paid for

1 qualifying construction materials, and fifty percent of the amount of
2 tax paid for qualifying material-handling equipment and racking
3 equipment, and labor and services rendered in respect to installing,
4 repairing, cleaning, altering, or improving the equipment. For cold
5 storage warehouses with square footage of twenty-five thousand or more,
6 the remittance is equal to one hundred percent of the amount of tax
7 paid for qualifying construction, materials, ~~((service, and labor,))~~
8 and one hundred percent of the amount of tax paid for qualifying
9 material-handling equipment and racking equipment, and labor and
10 services rendered in respect to installing, repairing, cleaning,
11 altering, or improving the equipment. For grain exporting facilities,
12 the remittance is equal to one hundred percent of the amount of tax
13 paid for qualifying construction materials, and fifty percent of the
14 amount of tax paid for qualifying grain exporting facility equipment,
15 and labor and services rendered in respect to installing, repairing,
16 cleaning, altering, or improving the equipment.

17 (b) The department shall determine eligibility under this section
18 based on information provided by the buyer and through audit and other
19 administrative records. The buyer shall on a quarterly basis submit an
20 information sheet, in a form and manner as required by the department
21 by rule, specifying the amount of exempted tax claimed and the
22 qualifying purchases or acquisitions for which the exemption is
23 claimed. The buyer shall retain, in adequate detail to enable the
24 department to determine whether the equipment or construction meets the
25 criteria under this section: Invoices; proof of tax paid; documents
26 describing the material-handling equipment and racking equipment and
27 grain exporting facility equipment; location and size of warehouses, if
28 applicable; and construction invoices and documents.

29 (c) The department shall on a quarterly basis remit or credit
30 exempted amounts to qualifying persons who submitted applications
31 during the previous quarter.

32 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
33 material-handling equipment and racking equipment, and grain exporting
34 facility equipment for which an exemption, credit, or deferral has been
35 or is being received under chapter 82.60, ~~((82.61,))~~ 82.62, or 82.63
36 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
37 remittance under this section. ~~((Materials incorporated in warehouses~~

1 ~~and grain elevators upon which construction was initiated prior to May~~
2 ~~20, 1997, are not eligible for a remittance under this section.)~~)

3 (4) The lessor or owner of the warehouse ((~~or~~)), grain elevator, or
4 grain exporting facility is not eligible for a remittance or credit
5 under this section unless the underlying ownership of the warehouse
6 ((~~or~~)), grain elevator, or grain exporting facility and material-
7 handling equipment and racking equipment and grain exporting facility
8 equipment vests exclusively in the same person, or unless the lessor by
9 written contract agrees to pass the economic benefit of the exemption
10 to the lessee in the form of reduced rent payments.

11 (5) The definitions in RCW 82.08.820 apply to this section.

12 **Sec. 6.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to read
13 as follows:

14 (1) Wholesalers or third-party warehouse owners who own or operate
15 warehouses ((~~or~~)), grain elevators, or grain exporting facilities, and
16 retailers who own or operate distribution centers, and who have paid
17 the tax levied under RCW 82.12.020 on:

18 (a) Material-handling equipment and racking equipment, grain
19 exporting facility equipment, and labor and services rendered in
20 respect to installing, repairing, cleaning, altering, or improving the
21 equipment; or

22 (b) Materials incorporated in the construction of a warehouse
23 ((~~or~~)), grain elevator, or grain exporting facility are eligible for an
24 exemption on tax paid in the form of a remittance or credit against tax
25 owed. The amount of the remittance or credit is computed under
26 subsection (2) of this section and is based on the state share of use
27 tax.

28 (2)(a) A person claiming an exemption from state tax in the form of
29 a remittance under this section must pay the tax imposed by RCW
30 82.12.020 to the department. The person may then apply to the
31 department for remittance of all or part of the tax paid under RCW
32 82.12.020. For grain elevators with bushel capacity of one million but
33 less than two million, the remittance is equal to fifty percent of the
34 amount of tax paid. For warehouses with square footage of two hundred
35 thousand or more and for grain elevators with bushel capacity of two
36 million or more, the remittance is equal to one hundred percent of the
37 amount of tax paid for qualifying construction materials, and fifty

1 percent of the amount of tax paid for qualifying material-handling
2 equipment and racking equipment, and labor and services rendered in
3 respect to installing, repairing, cleaning, altering, or improving the
4 equipment. For grain exporting facilities, the remittance is equal to
5 one hundred percent of the amount of tax paid for qualifying
6 construction materials, and fifty percent of the amount of tax paid for
7 qualifying grain exporting facility equipment, and labor and services
8 rendered in respect to installing, repairing, cleaning, altering, or
9 improving the equipment.

10 (b) The department shall determine eligibility under this section
11 based on information provided by the buyer and through audit and other
12 administrative records. The buyer shall on a quarterly basis submit an
13 information sheet, in a form and manner as required by the department
14 by rule, specifying the amount of exempted tax claimed and the
15 qualifying purchases or acquisitions for which the exemption is
16 claimed. The buyer shall retain, in adequate detail to enable the
17 department to determine whether the equipment or construction meets the
18 criteria under this section: Invoices; proof of tax paid; documents
19 describing the material-handling equipment and racking equipment and
20 grain exporting facility equipment; location and size of warehouses, if
21 applicable; and construction invoices and documents.

22 (c) The department shall on a quarterly basis remit or credit
23 exempted amounts to qualifying persons who submitted applications
24 during the previous quarter.

25 (3) Warehouse, grain elevators, ~~((and))~~ grain exporting facilities,
26 material-handling equipment and racking equipment, and grain exporting
27 facility equipment for which an exemption, credit, or deferral has been
28 or is being received under chapter 82.60, 82.62, or 82.63 RCW or RCW
29 82.08.02565 or 82.12.02565 are not eligible for any remittance under
30 this section. ~~((Materials incorporated in warehouses and grain~~
31 ~~elevators upon which construction was initiated prior to May 20, 1997,~~
32 ~~are not eligible for a remittance under this section.))~~

33 (4) The lessor or owner of the warehouse ~~((or)),~~ grain elevator, or
34 grain exporting facility is not eligible for a remittance or credit
35 under this section unless the underlying ownership of the warehouse
36 ~~((or)),~~ grain elevator, or grain exporting facility and material-
37 handling equipment and racking equipment and grain exporting facility

1 equipment vests exclusively in the same person, or unless the lessor by
2 written contract agrees to pass the economic benefit of the exemption
3 to the lessee in the form of reduced rent payments.

4 (5) The definitions in RCW 82.08.820 apply to this section.

5 NEW SECTION. **Sec. 7.** Sections 1 and 4 of this act are necessary
6 for the immediate preservation of the public peace, health, or safety,
7 or support of the state government and its existing public
8 institutions, and take effect immediately.

9 NEW SECTION. **Sec. 8.** Sections 2 and 5 of this act are necessary
10 for the immediate preservation of the public peace, health, or safety,
11 or support of the state government and its existing public
12 institutions, and take effect July 1, 2007.

13 NEW SECTION. **Sec. 9.** Sections 3 and 6 of this act take effect
14 July 1, 2012.

15 NEW SECTION. **Sec. 10.** Sections 1 and 4 of this act expire July 1,
16 2007.

17 NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act expire July 1,
18 2012.

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